

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6571

BILL NUMBER: SB 102

NOTE PREPARED: Dec 15, 2010

BILL AMENDED:

SUBJECT: Utility Recovery of Federally Mandated Costs.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Indiana Utility Regulatory Commission to allow an energy utility to recover certain federally mandated costs through periodic retail rate adjustment mechanisms.

Effective Date: Upon passage.

Explanation of State Expenditures: *IURC:* This bill will increase administrative expenditures of the IURC by requiring the IURC to evaluate petitions to allow utilities to recover federally mandated costs. It is estimated that the IURC will be able to implement this provision with its existing level of resources.

State & Local Utility Expenditures: This bill could increase expenditures by state agencies for utilities to the extent that the provisions allowing for cost recovery increase utility rates. The overall impact on expenditures is indeterminable.

Explanation of State Revenues: *Utility Rates:* To the extent that any of the provisions of this bill increase utility rates, there could be an increase in Utility Receipts Tax (URT), Utility Services Use Tax (USUT), and Sales Tax collections. The amount of any increase is indeterminable and will depend on rate adjustments allowed by the IURC.

The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.67%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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